

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 08211 01 OF 02 121344Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
DODE-00 /059 W
-----121554Z 057397 /40

R 121314Z MAY 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8202
INFO CINC USAFE RAMSTEIN
CINC EUR VAIHINGEN
CINC USAREUR HEIDELBERG

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 08211

E.O. 11652: N/A
TAGS: MILI, BGEN, GW
SUBJECT: DOD BANKING FACILITIES IN THE FRG

REF: STATE 92957 DTG 252203Z APR 77

1. EMBASSY BELIEVES THAT BY AN ADMINISTRATIVE AGREEMENT
UNDER ARTICLE 72(4) OF NATO SOFA SUPPLEMENTARY AGREEMENT
IT SHOULD BE POSSIBLE TO REPLACE AMERICAN EXPRESS
CO., INC., AND CHASE MANHATTAN BANK, NOW LISTED IN RE
ARTICLE 72(1)(A) OF PROTOCOL OF SIGNATURE, IF NECESSARY,
BY OTHER AMERICAN BANK OR BANKS WHOSE PROPOSALS TO
OPERATE 118 MBF'S IN FRG WOULD BE ACCEPTED BY DOD.
HOWEVER, EMBASSY RECOMMENDS THAT EMBASSY BE AUTHORIZED
TO RAISE THIS MATTER WITH FONOFF (RUMPF, LEGAL SECTION)
TO ENSURE THAT THERE WILL BE NO LEGAL OR OTHER BAR TO
ACCEPTABILITY TO FONOFF AND FINANCE MINISTRY OF OTHER
BANKS REPLACING CURRENT ONES AS AMERICAN
"NON-GERMAN COMMERCIAL ENTERPRISES" WITHIN
MEANING OF ARTICLE 72(1).

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 08211 01 OF 02 121344Z

2. IN VIEW OF LENGTHY AND COMPLEX NEGOTIATIONS
REQUIRED IN THE PAST FOR FRG AGREEMENT TO PERMIT
MILITARY BANKS WITH CERTAIN RESTRICTIONS AND EXEMPTIONS
FROM GERMAN LAW TO OPERATE IN FRG, WE SHOULD EXPECT
THAT BANKS UNDER DOD AEGIS MUST OPERATE WITH THE
RESTRICTIONS AND EXEMPTIONS PRESENTLY APPLICABLE TO
AMEXCO AND CHASE MANHATTAN. REOPENING SPECTRUM OF

MBF ACTIVITIES AND EXEMPTIONS COULD RAISE CONSIDERABLE PROBLEMS AND EVEN JEOPARDIZE FRG WILLINGNESS IN 1977 TO CONTINUE PERMISSION FOR WHAT FRG AGREED TO IN 1959.

3. RE PARA 3 REFTEL, INVITATION FOR FRG BANKS TO ENTER PROGRAM TO PROVIDE MBF COULD CREATE REAL DIFFICULTIES, EVEN IF THEIR MBF'S WERE OWNED AND OPERATED BY SEPARATE LEGAL ENTITY UNDER FRG LAW. SUCH A POSSIBILITY COULD RUN AFOUL OF/GERMAN LEGAL REQUIREMENTS

ALTHOUGH THESE CONSIDERATIONS MIGHT BE OUTWEIGHTED BY ATTRACTIVENESS TO FRG GOVERNMENT OF SEVERAL HUNDRED NEW POSITIONS AT MBF'S FOR OTHERWISE UNEMPLOYED GERMANS. HOWEVER, THAT EMPLOYMENT POSSIBILITY WOULD PRESUMABLY REMOVE FROM AVAILABILITY AN EQUAL NUMBER OF POSITIONS CURRENTLY HELD BY DEPENDENTS OF MEMBERS OF US FORCES AND CIVILIAN COMPONENT IN FRG.

4. ABOUT THREE YEARS AGO, AMEXCO WAS EXPERIENCING DIFFICULTIES WITH WORKS COUNCILS REPRESENTING ITS GERMAN EMPLOYEES, WHO OBJECTED TO DIFFERING FRINGE BENEFITS AND LOWER PAY SCALES FOR AMEXCO'S US EMPLOYEES FROM THOSE APPLICABLE TO ITS GERMAN EMPLOYEES PERFORMING ESSENTIALLY THE SAME TASKS. PROBLEM SEEMED POSSIBLY HEADED FOR THE LABOR COURTS, BUT NEVER ESCALATED TO THAT POINT SO FAR AS EMBASSY IS AWARE. BY NOTE VERBALE DATED MAY 6, 1977 FONOFF HAS TAKEN ISSUE WITH WORDING OF USAREUR REGULATION ON LOGISTIC SUPPORT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 08211 01 OF 02 121344Z

FOR EMPLOYEES OF MBF'S AS NOT ENTIRELY CONSISTENT WITH ARTICLE 72 OF NATO SOFA SUPPLEMENTARY AGREEMENT. EMBASSY MENTIONS THIS ONLY TO DEMONSTRATE HOW CAREFULLY THE FEDERAL GOVERNMENT, EITHER AT ITS INITIATIVE, OR ON PROMPTING OF WORKS COUNCILS OR LABOR UNIONS, MONITORS THE PRACTICES OF THE MILITARY BANKS AT A TIME OF, FOR THE FRG, VERY HIGH UNEMPLOYMENT.

5. IN VIEW OF SITUATION SUMMARIZED IN PARA 4, EMBASSY DOUBTS THAT IT WOULD BE ADVISABLE TO SUGGEST REVISION OF ARTICLE 72 THAT WOULD SEEK TO FORMALIZE CURRENT DE FACTO STATUS OF DEPENDENT MBF EMPLOYEES. SUCH AN APPROACH COULD FOCUS FRG SCRUTINY ON THE MATTER AND WHAT SHOULD BE MEANING OF EXEMPTIONS IN ARTICLE 72(1)(B) AND 72(5)(A) AND (B) IN CIRCUMSTANCES OF 1977. PROPOSAL AS IN PARA 4 REFTEL WOULD ALSO FLY IN FACE OF HISTORICAL RELUCTANCE OF US AND OTHER NATO SENDING STATES, WITH WHOM WE WOULD NEED TO CONSULT, TO SUGGEST REVISION OR AMENDMENT OF SUPPLEMENTARY AGREE-

MENT OF 1959, IN WHICH THESE STATES WERE ABLE TO OBTAIN

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 08211 02 OF 02 121341Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
DODE-00 /059 W
-----121555Z 057345 /40

R 121314Z MAY 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8203
INFO CINC USAFE RAMSTEIN
CINC EUR VAIHINGEN
CINC USAREUR HEIDELBERG

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 08211

MORE FRG CONCESSIONS THAN FRG COULD EVER AGREE TO NOW.

6. IN VIEW, HOWEVER, OF UNDERSTANDABLE WISH ON PART OF
DOD AND BIDDERS SEEKING TO ASSUME MBF FUNCTIONS, TO
KNOW WHETHER THEY COULD COUNT ON CONTINUED EMPLOYMENT
OF US DEPENDENTS BY MBF'S (WHO ARE PAID LESS THAN
GERMAN EMPLOYEES WITH FEW WITHDRAWALS IN VIEW OF
COVERAGE FOR U.S. SOCIAL SECURITY, HEALTH, ETC. AS
FAMILY MEMBERS OF THEIR MILITARY OR CIVILIAN COMPONENT
SPOUSES), EMBASSY WOULD AT MOST ADVISE THAT IT BE
AUTHORIZED OR INSTRUCTED TO RAISE THIS MATTER VERY
INFORMALLY WITH RUMPF OF FONOFF LEGAL SECTION. IN
THIS MANNER, RUMPF, WHO HAS LONG EXPERIENCE WITH
BACKGROUND OF THIS MATTER AND VIEWS OF OTHER MINISTRIES
WHO WOULD BE INVOLVED, COULD CONVEY HIS PERSONAL VIEWS
WHETHER APPROACH CONSIDERED IN PARA 4 REFTEL WOULD BE
COUNTER-PRODUCTIVE OR STANDS ANY CHANCE OF BEING
ACCEPTED. IN GENERAL, HOWEVER, RULE WILL PROBABLY
HOLD TRUE THAT FRG IS POLITICALLY IN NO POSITION NOW

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 08211 02 OF 02 121341Z

TO EXPAND ON SPECIAL RIGHTS AND PRIVILEGES ACCORDED
NATO SENDING STATES IN 1959.

7. CONCLUSION: MERE SUBSTITUTION OF OTHER US BANK(S)
TO REPLACE CURRENT BANKS OPERATING MBF'S IN THE FRG
WITH SAME RESTRICTIONS, TASKS AND EXEMPTIONS SHOULD IN
ITSELF RAISE NO PROBLEM VIS-A-VIS FRG GOVERNMENT AND
COULD PROBABLY BE DONE FAIRLY QUICKLY BY EXCHANGE OF NOTES
CONSTITUTING AN ADMINISTRATIVE AGREEMENT. HOWEVER, A
CHANGE OF EMPLOYERS AND CONSEQUENT PERIOD OF EMPLOYMENT
UNCERTAINTY AT MBF'S COULD AWAKEN SLEEPING DOGS AND
RAISE NEW PROBLEMS. WE BELIEVE THAT ANY FORMAL EFFORTS
TO QUALIFY GERMAN BANKS TO COMPETE FOR OPERATION OF
MBF'S AND TO CLARIFY STATUS OF US DEPENDENT EMPLOYEES
BY AMENDMENT OF NATO SOFA SUPPLEMENTARY AGREEMENT, COULD
CREATE SERIOUS PROBLEMS.

STOESSEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STATUS OF FORCES AGREEMENTS, BANKS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-May-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN08211
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770167-0911
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770567/aaaacfclc.tel
Line Count: 191
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d7e7b695-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 92957
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Aug-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2554329
Secure: OPEN
Status: NATIVE
Subject: DOD BANKING FACILITIES IN THE FRG
TAGS: MILI, BGEN, GE
To: STATE
Type: TE
vdkgwkey: odbc://SAS/SAS.dbo.SAS_Docs/d7e7b695-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009